

LIBRARY FOUNDATION FOR SARASOTA COUNTY, INC.

AUDITED FINANCIAL STATEMENTS

December 31, 2022



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Marc A. Miller, CPA

Kelley D. Miller, CPA

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Library Foundation for Sarasota County, Inc.

Opinion

We have audited the accompanying financial statements of Library Foundation for Sarasota County, Inc. (a Florida nonprofit corporation) which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Library Foundation for Sarasota County, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Library Foundation for Sarasota County, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise a substantial doubt about Library Foundation for Sarasota County, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Library Foundation for Sarasota County, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Library Foundation for Sarasota County Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Miller & Miller, P.A.

Miller & Miller P.A., CPAs
Sarasota, Florida
February 14, 2023

FINANCIAL STATEMENTS

Library Foundation for Sarasota County, Inc.
Statement of Financial Position
December 31, 2022

ASSETS	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Current Assets			
Cash and cash equivalents	\$ 535,117	\$ 737,546	\$ 1,272,663
Certificate of deposits	95,973	-	95,973
Investments	353,525	523,927	877,452
Due (to)/from funds without donor restrictions	128,596	(128,596)	-
Prepaid expenses	<u>69,409</u>	<u>-</u>	<u>69,409</u>
Total Current Assets	1,182,620	1,132,877	2,315,497
Equipment, net of accumulated depreciation	364	-	364
Right of use lease asset, net of amortization	86,071	-	86,071
Other Assets			
Beneficial interest in assets held by the Community Foundation of Sarasota County, Inc.	775,848	-	775,848
Beneficial interest in assets held by the Gulf Coast Community Foundation, Inc.	<u>748,116</u>	<u>1,153,158</u>	<u>1,901,274</u>
Total Other Assets	<u>1,523,964</u>	<u>1,153,158</u>	<u>2,677,122</u>
TOTAL ASSETS	<u>\$ 2,793,019</u>	<u>\$ 2,286,035</u>	<u>\$ 5,079,054</u>
 LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	\$ 1,760	\$ 14,961	\$ 16,721
Agency funds payable	-	152,323	152,323
Deferred revenue	203,550	-	203,550
Payroll and related expenses payable	5,967	-	5,967
Present value of lease liability, current portion	<u>29,079</u>	<u>-</u>	<u>29,079</u>
Total Current Liabilities	<u>240,356</u>	<u>167,284</u>	<u>407,640</u>
Long-Term Liabilities			
Present value of lease liability, net of current portion	<u>57,713</u>	<u>-</u>	<u>57,713</u>
Total Long-Term Liabilities	<u>57,713</u>	<u>-</u>	<u>57,713</u>
TOTAL LIABILITIES	298,069	167,284	465,353
NET ASSETS	<u>2,494,950</u>	<u>2,118,751</u>	<u>4,613,701</u>
TOTAL LIABILITES AND NET ASSETS	<u>\$ 2,793,019</u>	<u>\$ 2,286,035</u>	<u>\$ 5,079,054</u>

The accompanying notes are an integral part of these financial statements.

Library Foundation for Sarasota County, Inc.
Statement of Activities
For the Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total All Funds</u>
Changes in Net Assets			
Support and Revenue:			
Private and foundations	\$ 212,306	\$ 80,693	\$ 292,999
Special events, net of expenses	225,800	-	225,800
Interest and dividend income, net of investment fees	14,588	-	14,588
Change in value of beneficial interests			
in assets held by others	(231,523)	(126,951)	(358,474)
Realized gains (losses) on investments	(5,779)	-	(5,779)
Unrealized gains (losses) on investments	(142,314)	-	(142,314)
Unrealized gains (losses) on certificate of deposits	(4,027)	-	(4,027)
Net assets released from restrictions	198,459	(198,459)	-
	<u>267,510</u>	<u>(244,717)</u>	<u>22,793</u>
Total Support and Revenue			
Expenses:			
Program	409,353	-	409,353
Mangement and genreal	130,163	-	130,163
Fundraising	91,810	-	91,810
	<u>631,326</u>	<u>-</u>	<u>631,326</u>
Total Expenses			
Change in Net Assets	(363,816)	(244,717)	(608,533)
Net Assets at Beginning of Year	2,606,993	2,615,241	5,222,234
Prior Period Adjustment	251,773	(251,773)	-
Net Assets at Beginning of Year, restated	<u>2,858,766</u>	<u>2,363,468</u>	<u>5,222,234</u>
Net Assets at End of Year	<u>\$ 2,494,950</u>	<u>\$ 2,118,751</u>	<u>\$ 4,613,701</u>

The accompanying notes are an integral part of these financial statements.

Library Foundation for Sarasota County, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in net assets	\$ (363,816)	\$ (244,717)	\$ (608,533)
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation and amortization	10,097	-	10,097
Transfer from endowment funds	36,638	-	36,638
Change in value of beneficial interests held by others	231,523	126,951	358,474
Unrealized gains (losses) on certificate of deposits	4,027	-	4,027
Unrealized gains (losses) on investments	142,314	-	142,314
(Increase) decrease in operating assets:			
Due to/from fund without donor restrictions	55,054	(55,054)	-
Prepaid expenses	13,698	-	13,698
Increase (decrease) in operating liabilities:			
Accounts payable	(565)	14,961	14,396
Agency fund payable	-	(64,127)	(64,127)
Deferred revenue	11,011	-	11,011
Payroll and related expenses payable	(429)	-	(429)
NET CASH PROVIDED BY (USED) IN OPERATING ACTIVITIES	<u>139,552</u>	<u>(221,986)</u>	<u>(82,434)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(11,692)	-	(11,692)
Realized gains (losses) on investments	5,779	-	5,779
Purchase of certificates of deposits	(100,000)	-	(100,000)
Interest and dividends on investments	(16,953)	-	(16,953)
Advisory fees on investments	2,678	-	2,678
NET CASH PROVIDED BY (USED) IN INVESTING ACTIVITIES	<u>(120,188)</u>	<u>-</u>	<u>(120,188)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments on lease liability	(8,548)	-	(8,548)
NET CASH PROVIDED BY (USED) IN FINANCING ACTIVITIES	<u>(8,548)</u>	<u>-</u>	<u>(8,548)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	10,816	(221,986)	(211,170)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>524,301</u>	<u>959,532</u>	<u>1,483,833</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 535,117</u>	<u>\$ 737,546</u>	<u>\$ 1,272,663</u>
SUPPLEMENTARY INFORMATION			
Right of use lease asset financed	<u>\$ 95,340</u>	<u>\$ -</u>	<u>\$ -</u>
Interest paid	<u>\$ 1,150</u>	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

Library Foundation for Sarasota County, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2022

	<u>Program Services</u>	<u>Mangement and General</u>	<u>Fund- Raising</u>	<u>Total</u>
AWE computer replacement	\$ 10,036	\$ -	\$ -	\$ 10,036
Digital collections fund	25,220	-	-	25,220
One book sponsorship	10,000	-	-	10,000
Creative station	52,550	-	-	52,550
Hurricane Ian relief	22,262	-	-	22,262
Imagination library	29,034	-	-	29,034
Launchpads	14,961	-	-	14,961
Pop up library	68,838	-	-	68,838
Venice library jervy expense	35,667	-	-	35,667
Other program expenses	19,041	-	-	19,041
Accounting and audit fees	-	25,110	-	25,110
Bank and credit card fees	-	1,207	3,207	4,414
Board and committee expenses	-	1,358	-	1,358
Consulting expense	-	5,774	-	5,774
Depreciation and amortization	-	10,097	-	10,097
Development costs	4,263	-	-	4,263
Dues and subscriptions	-	853	-	853
Insurance	3,955	989	-	4,944
Interest expense	-	1,150	-	1,150
Information technology	-	1,500	-	1,500
Legal fees	-	2,132	-	2,132
Licenses and permits	-	362	-	362
Marketing and promotions	23,083	-	9,893	32,976
Office expenses	-	5,125	-	5,125
Printing and postage	7,816	-	3,350	11,166
Professional development	-	351	-	351
Rent	2,380	595	-	2,975
Salary and related costs	71,320	71,320	71,319	213,959
Software leasing expense	1,802	-	1,802	3,604
Strategic planning expense	4,885	-	-	4,885
Telephone and internet	1,481	1,481	1,480	4,442
Travel	759	759	759	2,277
	<u>\$ 409,353</u>	<u>\$ 130,163</u>	<u>\$ 91,810</u>	<u>\$ 631,326</u>

The accompanying notes are an integral part of these financial statements.

Library Foundation for Sarasota County, Inc.
Notes to the Financial Statements
December 31, 2022

NOTE 1 – ORGANIZATION

The Library Foundation for Sarasota County, Inc. (the Foundation) is a non-profit organization located in Sarasota, Florida and was incorporated on June 13, 2011. The Foundation is dedicated to securing the future of our libraries in the greater area of Sarasota County, an indispensable community resource. The Foundation accomplishes their mission through the donation of gifts and by raising private funds. These funds help the libraries acquire new technologies, present outstanding programs, and provide up-to-date resources. An endowment has been created to ensure private support for the Sarasota County libraries in perpetuity.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

A. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

B. Accounts Receivable

Accounts receivable represents program fees which have not been received at year-end. Management determined these amounts are fully collectible; therefore, no provision for doubtful accounts is recorded.

C. Financial Statement Presentation

The Foundation reports information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets are limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions are reported as reclassifications between the applicable classes of net assets. As contributions with donor-imposed restrictions are expended, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction.

Library Foundation for Sarasota County, Inc.
Notes to the Financial Statements
December 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - CONTINUED

D. Cash Flows

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

E. Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation, that is, in substance, unconditional. The Foundation uses the allowance method to determine uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. For the year ended December 31, 2022, there were no promises to give thus the allowance for uncollectible pledges was \$-0- at year end.

F. Contributions

The Foundation recognizes all contributed support received, including grants, as income in the period for which the donor has stipulated. In accordance with generally accepted accounting principles, contributions received are recorded as increases in net assets without donor restrictions, or net assets with donor restrictions, depending on the existence or nature of any donor-imposed restrictions.

All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

G. Donated services and equipment

The Foundation's policy is to record donated materials and equipment at their estimated fair market values at the date of receipt. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by the donation. There were no donated services or equipment for the year ended December 31, 2022.

Significant amounts of volunteer services are donated to the Foundation by various individuals. However, these services were not recognized in the financial statements because they did not meet the above criteria.

H. Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair market values in the consolidated statement of financial position. Investment income and realized and unrealized gains and losses restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains or losses are recognized.

Library Foundation for Sarasota County, Inc.
Notes to the Financial Statements
December 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - CONTINUED

I. Equipment

Equipment is recorded at cost or, if donated, estimated fair market value at the date of gift. Depreciation has been recorded on a straight-line method over the estimated useful life of the assets, which is three to five years.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

K. Beneficial Interest in Assets Held by Others

The Foundation transferred assets to Community Foundation of Sarasota County, Inc. and Gulf Coast Community Foundation, Inc. to manage its investment funds. In accordance with FASB Accounting Standards Codification 958-608 *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contribution for Others*, the Foundation records the beneficial interest in the assets held by Community Foundation of Sarasota County, Inc. and Gulf Coast Community Foundation, Inc. at fair value in its statement of financial position; the fair value is re-measured annually and the change in fair value is reflected in the Foundation's statements of activities.

L. Fair Value Measurements

The Foundation adopted FASB Accounting Standards Codification 820-10 Fair Value Measurements, which defines fair value, expands disclosure requirements around fair value and specifies a hierarchy of valuation techniques. FASB ASC 820-10 applies to all assets and liabilities required to be measured and reported at fair value on a recurring and nonrecurring basis. In the Foundation's case, FASB ASC therefore applies to its endowment and investment funds.

Level 1: Quoted prices for identical instruments in active markets.

Level 2: Quoted prices for similar or identical instruments in active markets or non-active markets or other significant observable inputs.

Level 3: Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Library Foundation for Sarasota County, Inc.
Notes to the Financial Statements
December 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - CONTINUED

M. Deferred Revenues

Deferred revenues result from the collection of special event sponsorships and ticket revenue in the current year for the subsequent year event. The deferred revenue was \$203,550 at December 31, 2022.

N. Federal Income Tax

The Foundation is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization's status as a tax exempt not-for profit entity is considered a tax position subject to reporting requirements under FASB Accounting Standards Codification 740-10. Entities are required to examine all tax positions and determine if it is more likely than not that the positions would be sustained upon examination by taxing authorities. The Foundation's federal income tax returns for the year ended December 31, 2021, December 31, 2020, and December 31, 2019 remain open to examination by the Internal Revenue Service. The Foundation has not recorded any accruals for uncertain income tax positions at December 31, 2022.

O. Advertising Costs

Advertising and promotion costs are expensed as incurred. Advertising costs were \$25,235 for the year ended December 31, 2022.

P. Functional Expenses

The Foundation reports expenses on a functional basis between various programs and supporting services. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on direct usage or managements estimates of the benefit derived by each activity. The three classifications of expenses are program expenses, management and general expenses, and fundraising expenses.

Q. Recently Adopted Accounting Pronouncements

In September 2020, the FASB issued ASU No. 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, which requires a separate line-item for contributed nonfinancial assets on the statement of activities, apart from contributed cash and other financial assets. ASU 2020-07 should be applied on a retrospective basis and is effective for annual reporting periods beginning after June 15, 2021. The Foundation reviewed the guidance in the current calendar year and determined that there was no impact as a result of ASU 2020-07.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The provisions of this ASU require accounting for operating leases in the statements of financial position. The provisions in this ASU are effective for fiscal years beginning after December 15, 2021. The Foundation has adopted ASU 2016-02 as of the year ended December 31, 2022.

Library Foundation for Sarasota County, Inc.
Notes to the Financial Statements
December 31, 2022

NOTE 3 –EQUIPMENT

Equipment as of December 31, 2022 is summarized as follows:

Equipment	\$ 2,744
Less: Accumulated depreciation	<u>(2,380)</u>
	<u>\$ 364</u>

Depreciation expense for the year ended December 31, 2022 was \$828.

NOTE 4 – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

As explained in Note 1, “Beneficial Interest in Assets Held by Others”, the Organization has transferred assets to the Community Foundation of Sarasota County, Inc. (CFSC) and Gulf Coast Community Foundation, Inc. (GCCF).

The Foundation maintains two endowment funds with CFSC. The Children’s Literacy Endowment Fund was created for the support and benefit of the Imagination Library and other early literacy programs as designated by the Foundation. The Children’s Literacy Endowment Fund has a distribution policy of 4.75% per year upon the resolution of the board and approval by the CFSC board. The Foundation has received a distribution in the amount of \$28,330 for the year ended December 31, 2022. The balance of this fund at December 31, 2022 was \$602,392 and is reported in the statement of financial position.

The second endowment fund with CFSC is the Library Foundation Fund. This fund is used for the support of the charitable and educational purposes of the Foundation. Income shall be paid and distributed to the Foundation as frequently as the CFSC and the Foundation agree in writing but no more frequently than quarterly. The Foundation has received a distribution in the amount of \$8,308 for the year ended December 31, 2022. The balance of this fund at December 31, 2022 was \$173,456 and is reported in the statement of financial position.

The Foundation maintains two funds with GCCF. The William H. Jerve Jr. Endowment Fund was a permanently endowed fund established to support the Venice Public Library through an annual endowment distribution. There is no variance power granted to this fund and it is owned by the Foundation. The balance of this fund at December 31, 2022 was \$1,153,158 and is reported in the statement of financial position.

The second fund with GCCF is The Library Sustainability Endowment Fund, which is a non-endowed fund. The purpose of this fund is to secure the future of the Sarasota County Library System. The fund is invested and used at the discretion of GCCF and the Foundation has full access to any portion of the fund balance in the account. Distributions are available to be paid quarterly, at the request, of the Foundation. As of the December 31, 2022, the Foundation has not withdrawn from the funds. The balance of this fund at December 31, 2022 \$748,116 and is reported on the statement of financial position.

Library Foundation for Sarasota County, Inc.
Notes to the Financial Statements
December 31, 2022

NOTE 5 – INVESTMENTS

The Foundation maintains an investment fund with Caldwell Trust. The purpose of this investment fund is to become operationally sustainable and support the programs and services of the Foundation in carrying out its mission as described in its bylaws. The fund is invested and used for restricted and unrestricted purposes. Distributions are available to be paid quarterly, at the request, of the Foundation. As of the December 31, 2022, the Foundation has not withdrawn from the funds. At December 31, 2022, the balance held by Caldwell Trust is \$877,452 in investments, \$35,038 in cash, and \$95,973 in certificates of deposit.

To satisfy its long-term objectives, the Foundation relies on a total return strategy in which the investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Investments are stated at fair value and are summarized as follows as of December 31, 2022:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Corporates - fixed	\$ 129,893	\$ 118,179	\$ (13,444)
Common stocks	<u>750,250</u>	<u>759,273</u>	<u>(5,854)</u>
Total investments	<u>\$ 880,143</u>	<u>\$ 877,452</u>	<u>\$ 27,760</u>

Investment income is comprised of the following for the year December 31, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividends	\$ 16,953	\$ -	\$ 16,953
Investment fess	(2,678)	-	(2,678)
Realized gains (losses)	(5,779)	-	(5,779)
Unrealized gains (losses)	<u>(142,314)</u>	<u>-</u>	<u>(142,314)</u>
Total investment income	<u>\$ (133,818)</u>	<u>\$ -</u>	<u>\$ (133,818)</u>

Library Foundation for Sarasota County, Inc.
Notes to the Financial Statements
December 31, 2022

NOTE 6 – FAIR VALUE MEASUREMENTS

The Foundation’s assets measured at fair value by level in the fair value hierarchy described at Note 1 “Fair Value Measurements” consists of the following at December 31, 2022:

Description of asset	12/31/22	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interest in assets held by Community Foundation of Sarasota County, Inc.*	\$ 775,848	\$ 775,848	\$ -	\$ -
Beneficial interest in assets held by Gulf Coast Community Foundation, Inc.*	1,901,274	1,427,857	353,637	119,780
Corporate fixed	118,179	118,179		
Common Stocks	<u>759,273</u>	<u>759,273</u>	<u>-</u>	<u>-</u>
Total	<u>\$3,554,574</u>	<u>\$3,081,157</u>	<u>\$ 353,637</u>	<u>\$119,780</u>

*Allocation of the Foundation’s assets held by Gulf Coast Community Foundation, Inc. and the Community Foundation of Sarasota County, Inc. at fair value, as to the types of fair value measurement categories described above (i.e., Levels 1, 2, or 3) is based on each Community Foundation’s representation as to the distribution of the pooled investments in which the Foundation participates using a reasonable estimate at December 31, 2022.

Reconciliation of Level 3 Fair Value Measurements

Balance as of December 31, 2021	\$ 63,375
Change in value	<u>56,405</u>
Balance as of December 31, 2022	<u>\$ 119,780</u>

Library Foundation for Sarasota County, Inc.
Notes to the Financial Statements
December 31, 2022

NOTE 7 – CONCENTRATION OF CREDIT RISK

The Foundation cash accounts at PNC Bank. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Foundation had \$978,638 of deposits in excess of federally insured deposits at December 31, 2022.

NOTE 8 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restriction specified by donors at December 31, 2022 are as follows:

AWE Computer	\$ 10,036
Creative Station	52,550
Jervey – Venice Library	35,666
Launchpads	14,961
Pop Up Library	68,838
SB Kalajian Staff	2,879
SB Kalajian Venice	8,807
Shocket Gulf Gate Fund	1,370
Staub Library	667
Y Robinson	<u>2,685</u>
	<u>\$ 198,459</u>

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2022, the Foundation had the following net assets with donor restrictions:

AWE Computer	\$ 2,058
Creative Station	758,487
Jervey – Venice Library	1,167,666
Launchpads	7,539
Pop Up Library	11,162
SB Kalajian Venice	86,440
Shocket Gulf Gate Fund	48,630
Staub Library	33,643
Summer Reading Program	3,000
Y Robinson	<u>126</u>
	<u>\$2,118,751</u>

Library Foundation for Sarasota County, Inc.
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NOTE 9– BOARD DESIGNATED FUNDS

As of December 31, 2022, the Foundation’s governing board has designated unrestricted net assets for the following purposes:

Creative Station	\$ 495,046
Hurricane Relief	558
Imagination Library	1,153
Pop Up Library	50,000
Sarasota Library Website	<u>35,000</u>
	<u>\$ 581,757</u>

NOTE 11 – RIGHT OF USE LEASE ASSET

The Foundation is the lessee of office space building under operating leases. The Foundation determines whether a contract is a lease at inception. Identified leases are subsequently measured, classified, and recognized at lease commencement. The Foundation categorizes leases with contractual terms longer than twelve months as either operating or finance. The Foundation’s office space lease is for 3 years and 15 calendar days, beginning September 15, 2022. Right-of-use assets and lease liabilities for operating leases are included in “ROU Lease Asset” and “Present Value of Lease Liability”, respectively, in the Statement of Financial Position. Leased assets represent the Foundation’s right to use an underlying asset for the lease term and lease liabilities represent the Foundation’s obligation to make lease payments arising from the lease. Operating right-of-use assets and associated lease liabilities are recognized based on the present value of future minimum lease payments to be made over the expected lease term, using the risk-free discount rate at the commencement date in determining the present value of future payments.

At December 31, 2022, future minimum lease payments by year for operating leases are as follows:

Fiscal year ending December 31:	
2023	\$ 33,501
2024	34,506
2025	<u>26,457</u>
Total minimum lease payments	94,464
Less: amount represent interest	<u>(7,672)</u>
Present value of lease payments	<u>\$ 86,792</u>

Weighted-average remaining lease term and discount rate for operating as of June 30, 2022, was:
Weighted-average remaining lease term 3 years
Weighted-average discount rate 6 %

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NOTE 12 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation maintains its cash balances in checking and money market accounts at an FDIC banking institution that are immediately available for operations. The Foundation also has assets held at the CFSC, GCCF, and Caldwell Trust.

The Foundation has \$535,117 in financial assets available within one year of the statement of financial position date for general expenditures. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date.

The Foundation manages upcoming cash needs by preparing a budget and keeping contributions, grants, and fundraising revenues in line with the Foundation's future operating needs.

NOTE 13 – PRIOR PERIOD ADJUSTMENT

During the current year audit, errors were discovered in the classification between net assets with donor restrictions and net assets without donor restrictions. As a result, net assets with donor restrictions increased \$251,773 and net assets without donor restrictions decreased \$251,773. Total net assets did not change.

NOTE 14 – EVALUATION OF SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through February 14, 2023, the date which the financial statements were available to be issued.